

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS****Joe Serna, Jr. Farmworker Housing Grant Program**

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 324-0695
FAX (916) 322-2904
<http://www.hcd.ca.gov/ca/fwhg>

**NOTICE OF FUNDING AVAILABILITY (NOFA)****JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM****PROPOSITION 46
MIGRATORY AGRICULTURAL WORKER COMPONENT
[Heath & Safety Code Section 53533(a)(4)(A)]****February 7, 2003**

The California Department of Housing and Community Development (HCD) is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant (JSJFWHG) Program's **Migratory Agricultural Worker** Component. This Notice is for **Twenty-Five Million Dollars (\$25,000,000)**, to be funded from the proceeds of bonds authorized by the voters in November, 2002, under Proposition 46. The basic outline of this specific "set-aside" may be found at California [Health & Safety Code Section 53533\(a\)\(4\)\(B\)](#).

Authority and Purpose of Program

The Program is subject to the requirements of [Health and Safety Code Section 50517.5](#) et seq. and [California Code of Regulations, title 25, section 7200](#) et seq. Applicants are advised to fully familiarize themselves with these statutes and regulations. Proposition 46 specifies that the definition of "migratory agricultural workers" shall be as defined in the Department's Office of Migrant Services Regulations, found at Section 7602 of Title 25 of the California Code of Regulations and as found below in this NOFA.

The purpose of the JSJFWHG Program is to provide grants for the construction and rehabilitation of housing for agricultural workers and their households and for other related costs as detailed below.

All funds awarded under this component must be used to assist migratory agricultural workers.

All recipients of funds will be required to execute and record a Grant Lien and Regulatory Agreement and a Promissory Note and a Deed of Trust for the purposes of securing performance of the grant conditions. The Grant Lien and Regulatory Agreement and the Deed of Trust will be recorded in immediately successive lien positions. The lien positions occupied by the JSJFWHG Grant Lien and Deed of Trust will be subject to the approval of the Department. Generally speaking, Department instruments are subordinate only to institutional lenders that are State or federally regulated, and to funds awarded by a Federal Agency.

Grant Lien and Regulatory Agreements used for new, multifamily or cooperative housing have a term of forty (40) years. Rehabilitation grants have a term of twenty (20) years.

Eligible Applicants

Only local public entities (including federally recognized Indian tribes), non-profit housing corporations, and cooperative housing corporations are eligible to receive grants under this NOFA.

Eligible Expenditures

Funds made available through this Notice may be used for most costs related to housing development, including land acquisition, site development, new construction and rehabilitation. **Homeownership projects are encouraged to make application under the “general” JSJFWHG NOFA that was issued on January 24, 2003 or under other subsequent NOFAs that may be issued utilizing Proposition 46 funds.** A full list of eligible expenditures may be found at Cal [Code Regs., title 25, section 7206\(a\) and \(c\).](#)

Because the funds available for this NOFA come from the proceeds of General Obligation Bonds, all costs charged to the grant must be for the construction or acquisition of capital assets and for those costs “incidentally but directly related to construction or acquisition” ([Government Code, Section 16727](#)). No funds may be used for rental subsidies, operating costs, or the direct renting or leasing of housing. Only lender-required reserve accounts may be capitalized from these funds.

Unauthorized Costs

The grant may not be used for a recipient’s administrative costs, except those directly related and necessary to a recipient’s implementation of its responsibilities in connection with the grant, as determined by the Department. No part of the funds may be used for project organization or planning for the housing development [[Cal Code Regs., title 25, section 7206\(b\)](#)]. It is the Program policy that Developer Fees are considered organizational and planning costs and may not be charged to the grant.

Grant Limits

Due to the desire to facilitate farmworker housing in as many communities as possible, the Department is imposing the following upper limits on grants and loans for this funding round:

- 1) Rehabilitation projects: One Million Dollars (**\$1,000,000**). Please make note of the special matching funds requirements found under “Special Conditions”.
- 2) Multifamily Rental (new construction) projects: Three Million Dollars (**\$3,000,000**).

The Department reserves the right to reduce the requested amount of funding for any given project, based upon Staff’s analysis of proposed financing and the amount of funding available to the Program.

NOFA Timeframes

Applications for this funding round will be considered on an “**over-the-counter**” basis until available funds are exhausted. Applications will be accepted beginning at 8:00 A.M., Pacific Standard Time, on Monday, February 10, 2003 and until 5:00 P.M., Pacific Standard Time, Wednesday, February 9, **2005** or until such a time before the latter date that the Department determines that it has received a sufficient number of applications to reasonably use all funds currently available. Per Proposition 46 and [Health & Safety Code Section 53533\(a\)\(4\)\(C\)](#), any funds offered under this NOFA, but not encumbered within thirty (30) months of “availability” (the date of this NOFA) “...shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.” The date of such a reversion, if any, will be Monday, August 8, 2005.

Applications will be reviewed and analyzed in the order in which they are received. Projects, however, will not be scheduled for presentation to the Local Assistance Loan and Grant Committee (“the Committee”) until Staff is satisfied that the application is complete, the amount of proposed subsidy is appropriate, and that the project meets other underwriting and site and design criteria, as outlined in the Regulations at Sections 7204, 7206, 7208, and 7210. Depending upon the responsiveness of the applicant to requests for additional information, an application could be presented to the Committee before one that was submitted at an earlier date.

Grant proposals that are eligible for funding but are not considered for approval because of the unavailability of funds will be considered at the next Committee meeting at which funds are available and will be judged with other grant applications considered at that meeting [\[Cal Code Regs., title 25, section 7214\(c\)\]](#). This means that unfunded applications may remain “active” for some time after the Department has stopped accepting further applications.

Special Conditions

Applicants must demonstrate, to the satisfaction of the Department that they can and will provide a “matching share” of funds in an amount at least equal to the requested grant. “Matching share” means the proceeds of loans, cash investments, or in-kind contributions that the recipient commits to the total development or rehabilitation cost of the housing development. Ongoing rental subsidies from other funding sources may count toward an Applicant’s match requirement. Applicants who are proposing the use of in-kind contributions ([Cal Code Regs., title 25, section 7202](#), Definitions, “In-kind contributions”), including the unencumbered, pre-rehabilitation value of existing structures, as a portion of their matching share will have the valuation of those contributions closely scrutinized during review and evaluation of their Application. In all cases, the Department will determine the valuation and eligibility of a proposed matching share [\[Cal Code Regs., title 25, section 7202](#), Definitions, “Matching share”].

Market analyses provided as part of applications, per [Cal Code Regs., title 25, section 7218\(c\)\(8\)](#), shall specifically address demand for agricultural worker housing and the ability of local agricultural workers to pay the proposed rents or housing costs. **Such analyses must take in to specific account the migratory nature of the population being served.**

Applications are limited to **single sites** and **single activities**. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits and without regard for “related” applications.

“**Migratory Agricultural Worker**” has the following meaning, as found at Cal Code of Regs., title 25, section 7602: “...an individual who:

- (1) has the employment status of one of the following:
 - (A) during the current or preceding calendar year, derived at least 50 percent of his/her total annual household earned income from agricultural employment, or
 - (B) can produce current evidence of a current job offer in agricultural employment; and
- (2) performs, has performed, or will perform such agricultural labor during the current or preceding calendar year under conditions which require round trip travel exceeding 100 miles per day such that he/she was unable to return to his/her chosen place of residence within the same day of labor; and
- (3) has resided together with his/her immediate family outside a 50 mile radius of the migrant center for at least 3 months out of the preceding 6 month period.”

For the purposes of this NOFA, the term “migrant center” found at (3) in the definition above will be interpreted to mean the housing development for which an application is requesting a grant.

Please Note: A potentially excellent source of matching funds for rental projects would be through the United States Department of Agriculture/Rural Development’s (USDA/RD) Rural Housing Service (RHS), **Section 514/516 Farm Labor Housing Loans and Grants**. Migrant housing is a specifically permitted use of funds under this Program. RHS currently has a NOFA out for the Section 514/516 Program, which gives competitive advantage to projects proposing to serve migrant farmworkers. The application due date is March 27, 2003. RHS generally issues one NOFA per year for this funding. Since their financing also offers an opportunity for rental assistance subsidies, including “operating assistance for migrant units”, project feasibility may be greatly enhanced by use of these funds. The RHS NOFA was published in the Federal Register on Friday, December 27, 2002. It may be downloaded using the following website:

http://www.access.gpo.gov/su_docs/fedreg/a021227c.html#Rural%20Housing%20Service,

which is the Federal Register Table of Contents. Under Agriculture Department click on Rural Housing Service, then under Notices click on either [TEXT] or [PDF] for the Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants for Off-Farm Housing. That NOFA is limited to new construction and acquisition and rehabilitation. In order to qualify RHS funds as JSJFWHG match, at the application stage, applicants will need to include a copy of the ir application to RHS.

Prevailing Wages: Applicants should be aware that SB 975 (Alarcón) became law on January 1, 2002. SB 972 (Costa) became law on January 1, 2003. Both of these bills make changes to **Section 1720 of the Labor Code**. Any projects awarded grants under this NOFA may, with certain exceptions, be defined as “public works” and may be subject to the payment of prevailing wages. Construction estimates and budgets should be adjusted to reflect those facts, if applicable. Any questions of interpretation regarding the Labor Code should be addressed to the Director of the Department of Industrial Relations, the State department having jurisdiction in these matters.

Regulation Change: On October 1, 2002 certain changes to the JSJFWHG Regulations took effect: 1) The Section 7202 definition of “Nonprofit Corporation” was removed from the Regulations, to be replaced by the Department-wide definition found in statute at **Health and Safety Code Section 50091**. 2) Section 7234 formerly required deposits into the replacement reserve of a rental housing project at the rate of 1% of total development costs (TDC) per year until a total of 10% of TDC is attained. The new Section 7234 reduces this requirement, generally speaking, to 0.6% of the construction contract costs associated with the structures in the development. However, in the case of projects also utilizing federal assistance, HCD will yield to federal regulations that may be more stringent in the case of required reserve deposits.

Timeframes for Use of Program Funds

Successful applicants shall enter into a Standard Agreement with HCD for a term of three (3) years from the date of contract execution. The Standard Agreement will require a recipient to meet, or evidence progress in meeting, certain pre-disbursement and special conditions during the first twelve (12) months of the contract. Failure to meet this requirement could result in disencumbrance of funds and cancellation of the contract.

Right to Modify or Suspend

HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

Review and Evaluation

Applications will be initially reviewed for completeness and eligibility. Applicants must be eligible and must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development (“capacity”) [[Cal Code Regs., section 7204\(a\)\(2\)](#)]. They must be record owner in fee of the assisted real property or provide other security that is satisfactory to the department to ensure compliance with the construction, financial and program obligations [Health and Safety Code Section 50517.5(b)(4)(A)]. The proposed housing development must be eligible per [Cal Code Regs., section 7204\(b\)](#), including provision of assisted units; must maximize, to the greatest extent possible, occupancy by low-income agricultural households; and must be “affordable” per [Sections 50052.5](#) and [50053](#) Of the Health and Safety Code. All proposed uses of Program funds must be eligible per [Cal Code Regs., section 7206](#). The Program will conduct its completeness and eligibility review by the end of the second Tuesday following receipt of an Application.

Only applications that are judged complete and eligible will undergo further evaluation by program staff to determine whether a positive (or negative) funding recommendation will be made to the Committee. That evaluation will include determining if proposed projects are consistent with the Program Statutes and Program Regulations, including underwriting and site and design criteria as outlined in the Regulations at Sections [7204](#), [7206](#), [7208](#), and [7210](#). A detailed analysis of the financial aspects of the project will be made to determine if the amount of Program funds are appropriate. That analysis will include a consideration of development and permanent financing, including other sources of subsidy; of operating budget projections; and of overall cost effectiveness. Additional information may be solicited from the applicant during this process.

Following this evaluation, Staff will present their findings to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be notified in writing of the Committee’s action. An application approved by the Committee will receive an award package that contains the procedures, requirements, and any special conditions needed for grant closing. An application rejected by the Committee will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

Application Process

Applications are to be submitted in duplicate and must be made on the forms provided by the Program. Application forms shall not be modified. Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction.

In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to [Cal Code Regs., title 25, section 7218](#), “Contents of Grant Applications” and to read the Application Package carefully, being sure to provide all required information and accompanying documentation.

Please note that, per [Cal Code Regs., title 25, section 7218\(a\)](#), “The contents of the grant application and necessary supporting documents will vary with the source of the matching share which the applicant will use to finance the proposed housing development.” Projects that have already applied to USDA/RD,

CHFA, or other Departmental funding sources should submit: 1) the 12-page JSJFWHG Application (plus “Addendum A”); 2) a copy of the application (including all required attachments) submitted to one of the other funding sources mentioned above; and 3) a resolution from the appropriate governing body authorizing submittal of an application to the JSJFWHG Program. Projects utilizing other funding sources will need to submit: 1) the JSJFWHG Application (plus “Addendum A”); 2) the required documents found in Regulation at [7218\(c\), \(d\), and \(e\)](#), as appropriate (also listed in “Exhibit Checklists A and B” that accompany the Application); and 3) an authorizing resolution.

Applicants may write, call, e-mail, or visit HCD's website for an application package at the address, telephone number, e-mail address or website listed below.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development
Joe Serna, Jr. Farmworker Housing Grant Program
P.O. Box 952054, MS 390-8
Sacramento, California 94252-2054
(916) 324-0695
(916) 327-6660 (FAX)
or e-mail to: <mailto:cgaines@hcd.ca.gov>
website: <http://www.hcd.ca.gov/ca/fwhg>

Thank you for your interest in the Joe Serna, Jr. Farmworker Housing Grant Program.

Sincerely yours,

William J. Pavão
Deputy Director, Division of Community Affairs